Workers' Compensation in Nova Scotia

A New Direction

Prepared by: Workers' Compensation Board of Nova Scotia

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Executive Summary

During development of the strategic plan for the workers' compensation and occupational health and safety system in 2003, stakeholders stressed the importance of maintaining the fiscal sustainability of the system so that it continues to serve Nova Scotians into the future. This became one of four primary goals of the plan. All stakeholders recognized that the system could not be allowed to return to the crisis situation it faced in the late 1980s and early 1990s.

While the WCB has made strides to address its finances over the past ten years, the situation remains precarious: the unfunded liability still exceeds $400 million, and the Accident Fund is not forecast to reach full funding until 2024.

For the past 10 years, the WCB has maintained that there can only be a significant increase in benefits or a reduction in assessment rates when the unfunded liability has been eliminated. However, changes to the *Workers' Compensation Act* in 1999, 2002 and 2003 resulted in increased benefits liabilities of more than $240 million. In addition, the 2002 Dorsey Report recommended significant improvements to benefits at a cost of another approximately $220 million if fully implemented. The WCB consulted with workers and employers when formulating its response to the 2002 Dorsey Report and in developing a new approach to chronic pain.

Workers were clear that to accommodate the new benefits costs recommended in the Dorsey Report, the period to eliminate the unfunded liability should be extended. They said that the WCB's practice of applying financial gains to shorten the period to eliminate the unfunded liability should be discontinued. In their view, any financial gains should be used to enhance benefits. Financial gains occur when either revenue is greater than expected or costs are lower than expected in the funding plan. Another option proposed by workers was to ask government to either assume responsibility for the additional benefits costs or assist with the elimination of the unfunded liability.

Employers on the other hand, were not supportive of increasing assessment rates as this could impact the competitiveness of their businesses. While they agree it may be prudent to eliminate the unfunded liability, they were not supportive of increasing rates substantially as a means to do so.

Employers have expressed the opposite opinion to labour when it comes to benefit enhancements. They have said the Dorsey recommendations to increase benefits should not be implemented until the unfunded liability is eliminated particularly in light of the Supreme Court of Canada decision on chronic pain.

Even if stakeholders could agree on a long term funding strategy, it would not address the critical non-financial societal costs of workplace injuries.

Nova Scotia is one of only three jurisdictions in Canada with a benefits waiting period. It is important to recognize that if the effect of this waiting period is taken into account, our province has one of the highest workplace injury frequencies in Canada. Coupled with a high injury frequency, the average duration of short-term disability in Nova Scotia workers' compensation claims is the 3rd highest in Canada. This is the average number

of days a worker receiving short-term (not permanent) benefits is off work. Only Newfoundland and New Brunswick have higher durations. In 2003, the WCB paid over $150 million in benefits to injured workers. On average, it costs $62 to provide a worker with benefits for one day. Providing 10 workers with long-term benefits costs about $1 million.

As outlined in the system strategic plan, the WCB and partner agencies continue to make improvements in their operations and they are working on a number of initiatives aimed at reducing the injury frequency rate and increasing the number of injured workers who return to work. However, in spite of the agencies' best efforts, the future of workers' compensation in Nova Scotia will not be secure unless employers and workers are dedicated to making a positive change in these areas as well.

The information presented in this paper provides some context for the WCB's current situation and provides options for Nova Scotians to consider about the future direction of the workers' compensation system. The WCB's accountants and actuaries will tell you that if we stay on today's path, assessment rates will continue to increase, benefits will not improve and the unfunded liability will not be eliminated before 2024.

There are different paths available. Can we have lower assessment rates, improved benefits and full funding sooner than 2024? Yes, but only if Nova Scotians are prepared to embrace significant cultural, attitudinal and behavioural change relating to workers' compensation and workplace safety.

If stakeholders agree, we can continue on the current path where the WCB administers a relatively expensive workers' compensation system. The system will only become less expensive when employers and workers, working with the WCB, are aggressive in their efforts to return injured workers to the workplace and at the same time, injured workers agree that there are often instances where it is safe, and even therapeutic, for them to return to work before they have reached maximum medical recovery. This cultural change is required regardless of whether chronic pain is an issue in Nova Scotia. However, the Supreme Court of Canada decision on chronic pain puts a spotlight on this issue. How many of these workers will be motivated to return to work? Will employers take the necessary steps to accommodate them and encourage them back to the workplace?

We expect many employers will be offended at the suggestion that they are not doing enough to manage their workers' compensation costs. Equally, we anticipate that many workers will be offended by the suggestion that they are staying on workers' compensation benefits longer than necessary.

After reading this paper, workers and employers are asked to consider some fundamental questions:

1. *Assuming you agree that over time we need to improve workers' compensation benefits and reduce assessment rates, are you prepared to embrace a very different approach to safety and return to work in order to achieve financial gains in the workers' compensation system?*

2. *If so, are you prepared to set goals associated with long-term funding and benefit increases and take action to achieve these goals?*

Nova Scotia's Situation

It is useful to look at three key measures when assessing the state of workers' compensation in Nova Scotia: average assessment rates, benefit levels and the unfunded liability. Compared to other provinces, the WCB of Nova Scotia's benefit levels and overall finances are relatively poor.

Assessment rates

Workers' compensation in Nova Scotia is fully funded by employers. An employer's assessment rate is influenced by both the industry in which the employer operates and its workplace injury experience. A higher rate results in a higher cost to the employer. Therefore, employers are keen to keep assessment rates as low as possible.

Table 1 identifies the targeted average assessment rate for each province and territory for the years 1999 through 2003. As the table highlights, Nova Scotia's average assessment rate has consistently placed eleventh (out of twelve).

Table 1. Targeted Average Assessment Rate

	1999	2000	2001	2002	2003
AB	1.05	1.10	1.28	1.68	1.89
BC	2.01	1.82	1.79	1.90	1.92
MB	1.49	1.49	1.49	1.49	1.56
NB	1.62	1.60	1.64	1.90	2.07
NL	2.99	3.24	3.24	3.24	3.24
NT/NU	1.21	1.05	1.00	1.18	1.60
NS	**2.54**	**2.54**	**2.54**	**2.54**	**2.54**
ON	2.42	2.29	2.13	2.13	2.19
PE	1.97	1.96	2.24	2.29	2.39
QC	2.22	2.07	1.90	1.85	1.93
SK	1.65	1.61	1.62	1.67	1.83
YT	1.31	1.25	1.25	1.25	1.41
NS Rank (out of 12)	11th	11th	11th	11th	11th

Source: AWCBC Preface Reports, years 1998 through 2002

Benefit levels

In general, Nova Scotia pays low rates of earnings-replacement benefits to individual workers. However, the amount of benefits paid to all workers collectively ranks 5th when compared to other jurisdictions. Table 2 provides a comparative summary based on four key benefits measures.

Table 2. Benefit Level Comparison

	% of earnings covered (short-term/extended)		Maximum earnings covered	Waiting period?	Compensation Costs/$100 of payroll
AB	90%[1]	same	$61,200	No	$1.27
BC	90%[2]	same	$60,700	No	$1.41
MB	90%[1]	80%[8]	$56,310	No	$1.49
NB	85%[3]	same	$50,000	Yes[12]	$1.45
NL	80%[2]	same	$45,500	No	$2.55
NT/NU	90%[1]	same	$66,500	No	U/A
NS	**75%[4]**	**90%[9, 10]**	**$43,200**	**Yes[13]**	**$1.48**
ON	85%[5]	same	$66,800	No	$0.95
PE	80%[6]	85%[11]	$41,200	Yes[14]	$1.78
QC	90%[1]	same	$55,000	No	$1.41
SK	90%[1]	same	$53,000	No	$1.56
YT	75%[7]	same	$65,800	No	$1.21
NS Rank	In the first 26 weeks, 12th/12 Beyond 26 weeks, 2nd (6-way tie)[10]		11th/12	1 of 3 with waiting period	5th out of 11

Source: AWCBC Workers' Compensation Benefit Comparisons 2004

[1]Net after deductions for EI, CPP/QPP and Income Tax
[2]Of net
[3]Of Loss-of-Earnings = average net earnings minus net estimated capable earnings
[4]For the first 26 weeks
[5]Of net average earnings
[6]For the first 38 weeks
[7]Of gross
[8]Of net after 24 months of cumulative benefits
[9]Beyond 26 weeks of benefits
[10]Including 5% annuity
[11]Beyond 38 weeks of benefits
[12]3 days; repaid if worker is disabled for a period extending beyond 20 working days
[13]2 days; repaid if worker is disabled for a period extending beyond 5 calendar weeks
[14]60% of weekly compensation; repaid if worker is disabled beyond 4 consecutive weeks following the accident

Short-term earnings-replacement benefits across Canada's jurisdictions range from 75% of gross to 90% of net. Within this range, Nova Scotia ranks in last place at 75% of net. Beyond Nova Scotia's short-term period (26 weeks) the province improves dramatically, to a six-way tie for second, surpassed only by the Yukon.

Nova Scotia also ranks low in comparison to the other jurisdictions in terms of maximum earnings recovered (11th place out of 12), and is one of only three jurisdictions that have a benefits waiting period in place.

Unfunded liability

WCB Nova Scotia's funded position has improved over the past ten years but continues to be one of the more poorly funded in Canada. As a result, the financial stability and sustainability of the system are of concern. Table 3 summarizes jurisdictional funding for the years 1999 through 2004.

Table 3. % Funded Comparison (including reserves)

	1999	2000	2001	2002	2003	2004
AB	109.8	110.21	105.6	104.5	108.1[1]	u/a
BC	101.78	105.37	101.61	95.2	100.0[2]	u/a
MB	102.8	102.69	102.7	102.7	102.7[3]	u/a
NB	109.0	104.61	99.0	94.3	92.3[4]	u/a
NL	65.5	65.2	67.5	71.7	74.1[5]	u/a
NT/NU	133.0	127.0	120.0	114.0	u/a	u/a
NS	**62.3**	**68.3**	**71.6**	**73.2**	**67.2**[6]	**72.4**
ON	62.1	66.8	67.17	63.82	62.4[7]	u/a
PE	66.19	68.44	68.98	73.59	78.0[8]	u/a
QC	94.64	103.83	92.6	91.6	u/a	u/a
SK	103.4	103.53	100.0	92.4	98.6[9]	u/a
YT	117.4	112.0	112.0	100.0	u/a	u/a
NS Rank	11th/12	10th/12	9th/12	10th/12	8th/9	

Source: All 1999 – 2002 data sourced from AWCBC Key Statistical Measures

[1] *WCB-Alberta Annual Report, 2003 (p.49)*
[2] *WCB BC 2003 Annual Report*
[3] *WCB Manitoba 2003 Annual Report (p.53)*
[4] *WHSCC (New Brunswick) Annual Report 2003 (p.12)*
[5] *WHSCC (Newfoundland & Labrador) 2003 Annual Report (p.47)*
[6] *WCB Nova Scotia 2003 Annual Report*
[7] *WSIB (Ontario) Annual Report 2003 (p.48)*
[8] *Estimate, based on WCB PEI Annual Report 2003 (p.35)*
[9] *Saskatchewan Workers' Compensation Board Report to Stakeholders 2003 (p.13)*

Ranking summary

Table 4 highlights the fact that, on average, Nova Scotia ranks in either last or second-last place for all indicators with the exception of % earnings covered beyond 26 weeks.

Table 4. Ranking Summary

	Ranking
Targeted average assessment rate (2003)	11th/12
Benefits (2004)	
% earnings covered	11th
Weeks 1 to 26	12th/12
Weeks 27+	2nd/12 (tie)
Maximum earnings covered	11th/12
Waiting period	1 of 3
% funded (2003)	8th/9

But does this somewhat sombre picture result from poor service performance by the WCB? In general – no: the WCB has performed well over the past 10 years as evidenced by the following:

- 'Timeliness of first payment' (of workers' earnings-replacement benefits) in Nova Scotia is the second-best in Canada, as measured by the average number of days from injury to first payment.
- Administration costs (per $100 of assessable payroll) in Nova Scotia are the third-lowest in Canada. The WCB of Nova Scotia administrative costs are $0.33 compared to a range of $0.28 to $1.05 for all other provinces.
- Nova Scotia's target average assessment rate did not increase from 1994 to 2003 (before increasing modestly in 2004 and 2005).
- The funding ratio improved significantly from 27% in 1994 to 72.4% in 2004.
- The level of worker satisfaction with the WCB's service is relatively high. In 2004 over three-quarters of injured workers surveyed were satisfied with their overall experience with the WCB; 74% said they were satisfied with the outcome of their claim, and 91% said the WCB treated them fairly.
- In a 1998 report on WCB administration and operations the Auditor General of Nova Scotia said "*our review of WCB claims indicates that overall, claims are being processed efficiently and in accordance with the Act.*"
- The 2002 Dorsey Report states "*the Auditor General has informed this committee that the WCB is in the forefront of provincial government agencies in setting, measuring and reporting on performance.*"

However, the WCB would be quick to point out that while these improvements are positive and significant, they do not address the fact that its insurance budget continues

to grow, in large part due to Nova Scotia's high injury rate and the length of time it takes for a worker to return to work (duration). Table 5 provides a jurisdictional comparison of workplace disability.

Table 5. Workplace Disability Comparison

	Average Composite Duration of Claim[1]	Injury Frequency[2]
AB	73.80	2.61
BC	62.30	3.06
MB	57.30	4.81
NB	97.58	1.47
NL	104.61	2.70
NT/NU	62.80	2.77
NS	**100.46**	**3.04**
ON	u/a	1.98
PE	55.35	2.27
QC	81.25	3.16
SK	50.99	4.24
YT	42.01	2.66
NS rank	11th/12th	8th/12

Source: AWCBC Key Statistical Measures 2003

[1] Estimated total number of calendar days compensated for short-term disability over the first five calendar years of duration/lifetime of a typical lost-time claim
[2] Number of new lost-time claims for assessable employers per 100 workers

Compared to other provinces, Nova Scotia has a high injury rate, workers stay on short-term benefits longer than in many other provinces and more workers in Nova Scotia go on to receive permanent impairment benefits.

- At 3.04 injuries per 100 workers, Nova Scotia's injury/claim frequency rate is 8th-highest in Canada and would be worse if the effect of the two-day waiting period was taken into account. Only three provinces have a waiting period. The 2003 injury rate ranges from 1.47 to 4.81 across Canada.

- The average duration of short-term disability in Nova Scotia workers' compensation claims is the 3rd highest in Canada (based on data available for 9 regions), and has increased from 85.5 days in 2000 to 94.2 days in 2002. 2002 durations range from 55.75 days to 106.98 days across Canada. In addition, Nova Scotia also ranks 3rd highest in Canada in the percentage of claims that ultimately receive permanent impairment benefits.

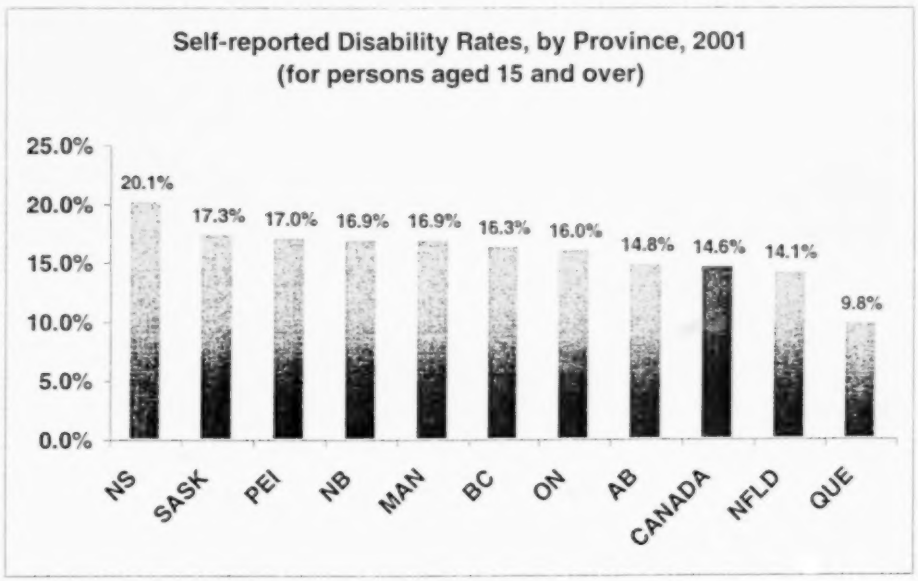
- Nova Scotia's benefit costs (as a percentage of assessable payroll) are the 5th-highest in Canada. Nova Scotia is at $1.42 and costs range from $0.83 to $2.22 across the country.

Disability in the General Nova Scotia Population

Interestingly, the high levels of work-related disability are reflected in data on disability and health regarding the Nova Scotia adult population in general.

As Figure 1 indicates, Nova Scotia has the highest self-reported adult disability rate in the country: 20.1% of Nova Scotians aged fifteen and over '*reported difficulties with activities of daily living or indicated that a physical or mental condition reduced the kind or amount of activities they could do*' compared to 14.6% of Canadians *(The Disabled Persons Commission 2004)*. The most common types of disability were problems with mobility, agility and pain.

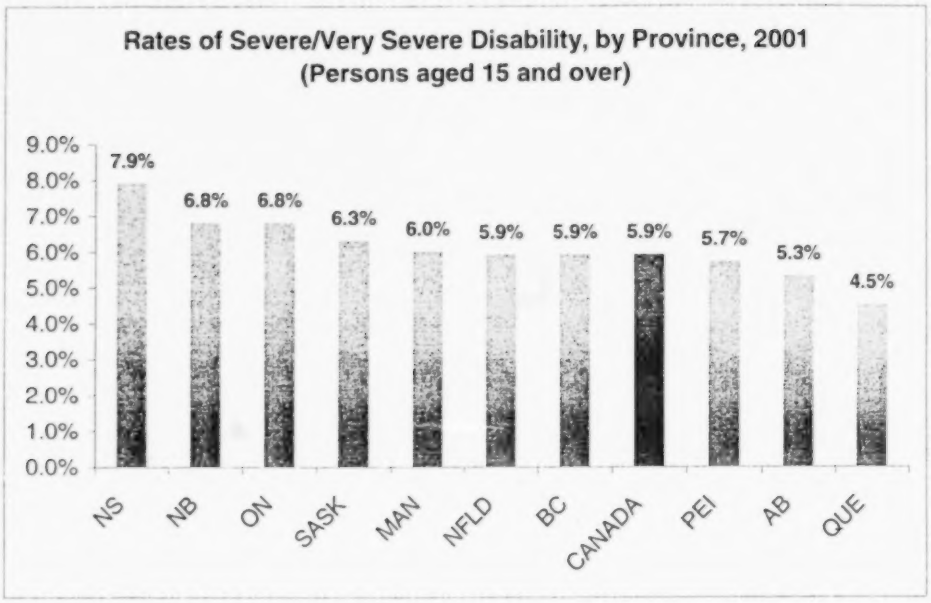
Figure 1. Self-Reported Disability Rates



Source: NS Disabled Persons Commission, Persons with Disabilities in Nova Scotia: A Statistical Report, 2004.

The same picture emerges for the working-age population (aged 15 to 64): the rate of self-reported disability in Nova Scotia is 14.5%, compared to a national average of 9.9%. Figure 2 indicates that not only does Nova Scotia have a high disability rate but also that its disabilities are more severe than the rest of the country.

Figure 2. Rates of Disability Severity



Source: NS Disabled Persons Commission, Persons with Disabilities in Nova Scotia: A Statistical Report, 2004.

The level of disability in Nova Scotia is further evidenced by the fact that in 1996, 2.5% of the Nova Scotia population was receiving CPP disability benefits versus 1.0% of the Canadian population. New Brunswick was second-highest with a rate of 1.6% (Nova Scotia Department of Finance).

Recent Developments

The funding strategy adopted in 2003 anticipated that the WCB could reach full funding by 2014 without increasing assessment rates beyond $2.57 per hundred dollars of payroll. The strategy took into account a series of recommendations the WCB had asked Government to implement in response to the 2002 Dorsey Report. Implementing the entire Dorsey Report comes at a cost of about $220 million. The WCB agrees with most of the Dorsey recommendations and proposed that Government implement them over time as the funding position improved. In December 2002, the WCB requested Government amend the legislation to improve the Supplementary Benefits program, as recommended in Dorsey Report. This resulted in $20 million in new benefits.

In addition, in the fall of 2003, the WCB recommended that Government implement in the short term a preliminary package of recommendations (including elimination of the three worker rule, an increase in indexing of benefits, and an increase in the maximum assessable/insurable earnings among other things). Combined, these recommendations are revenue neutral and would have virtually no impact on the funding strategy.

Two other significant events in 2003 added financial pressure to the workers' compensation system. In the spring, Government announced that workers' compensation benefits would be provided to firefighters with certain types of cancer at a cost of $15 million. In October, the Supreme Court of Canada rendered a decision that requires the WCB to individually assess injured workers with chronic pain and provide them with the same access to the workers' compensation system as all other workers. Providing benefits for chronic pain will add approximately $168 million to system costs for the older claims and approximately $11 million annually for new claims. The WCB currently is re-working the plan in place to review chronic pain claims in order to address the growing volume of work to be completed. The new plan will require additional resources. However, the impact of those administrative resources will not be significant enough to change the funding strategy. The WCB will revisit the original costing estimates once a significant number of claims have been reviewed.

To date, Government has not implemented the WCB's recommendations nor any of the other recommendations in the Dorsey Report with the exception of the enhancement to the Supplementary Benefits program. The average assessment rate increased for the first time in 10 years in January 2004 moving from $2.54 per hundred dollars of payroll to $2.57 to cover the cost of enhancements to this program.

Chronic pain benefits will be funded, in part, by a 3% increase in the average assessment rate raising it from $2.57 per hundred dollars of payroll to $2.65 that was effective January 1, 2005, and an extension in the elimination period of the unfunded liability from 2014 to 2024.

The WCB has a fiduciary responsibility to maintain the viability of the workers' compensation system. For the past 10 years, the Board has placed a priority on the elimination of the unfunded liability because:

- The sooner the WCB reaches full funding the sooner the inter-generational transfer of this debt among employers and workers is eliminated.
- The competitiveness of the province's employers can be enhanced through lower premiums.
- It provides an opportunity to significantly enhance benefits.
- There was a desire for greater rate stability.
- There is security and sustainability of the system from a financial perspective.

This raises the question of how to fund the workers' compensation system into the future. The 'win-win' solution is to ensure we achieve major reductions in the workplace injury rate, claim durations and the number of long-term disability awards.

Cultural Change Needed?

In Nova Scotia, reducing work-related disability (e.g. by reducing workplace injury rates and improving the rate of early, safe return-to-work) requires addressing socio-economic factors related to workplace safety and return-to-work. These factors include attitudes and behaviours – on the part of employers, workers, health-care providers and the public at large regarding the prevention of workplace injury and the importance of safe and timely return-to-work (at full or reduced duties, depending on the worker's capabilities) following a workplace injury. The returns can be significant. British Columbia's WCB reported in its 2003 Annual Report that a 7% reduction in the province's injury rate "...has resulted in roughly 4,000 workers avoiding a time-loss injury, $60 million in avoided claim costs, and 190,000 work days gained to the economy" (WCB BC 2003 Annual Report, p.18).

The WCB in Nova Scotia has several initiatives underway to address these issues. A new *Priority Employers Program* will be available later this year to help large employers that have a relatively poor safety record develop or improve their occupational health and safety programs. The WCB will offer a helping hand to these employers to guide them in the development of best practices to improve their safety performance.

Some companies in this province take safety very seriously. The WCB will introduce a new incentive program to encourage employers to take more proactive steps toward improving their safety performance.

Part of supporting businesses as they make their workplaces safer is to make WCB information more accessible. Early in 2006 the WCB will launch an online information service that can help businesses manage their accounts more efficiently and use WCB data to make their operations safer.

In addition to working with employers, the WCB is using social marketing to make Nova Scotians more aware of the importance of working safely. Last fall the WCB rolled out a new advertising campaign to raise awareness of workplace safety as a top-of-mind issue for Nova Scotians. Unfortunately, some recent research shows that workplace safety doesn't even register as an issue of concern for most workers and employers.

In 2004, the WCB paid over $32 million to health care providers for services for injured workers. A significant portion was paid to physiotherapists. The WCB launched a new physiotherapy pilot project in the Halifax area that was designed to improve the quality of care of injured workers, reduce claims durations, prevent the onset of chronic pain and increase the number of workers who return to work.

Other initiatives involving the health care sector also are underway. These include partnering with Dalhousie University to provide a joint educational session for physicians, psychologists and physiotherapists on the treatment of low back pain and collecting better data on medical aid payments to understand the costs and effectiveness of health care interventions. The WCB also is investigating the possibility of accessing expedited diagnostic and surgical services to enable injured workers to recover on a more timely basis and return to the workforce sooner after an injury.

As noted in the Executive Summary, there is always more that the WCB can do. But, even if the partner agencies in the workers' compensation and occupational health and safety system did all that they could, the insurance budget would be sure to continue to grow without change on the part of workers, employers and health care providers.

Also, some employers are quick to suggest health care professionals facilitate injured workers staying at home rather than returning to work. However, a recent Morneau Sobeco survey reveals that employers in Quebec, who generally take a more proactive approach to employees who are absent from work than do employers in the other provinces, achieve greater levels of success in having their employees return to work. The majority of employers in Quebec indicated that less than 10% of employees on long-term disability (LTD) do not return to work.

In stark contrast in Atlantic Canada, more than half of the employers (54%) surveyed indicated that less than half of their LTD claims result in the employee returning to work.

A significant reduction in annual claims costs could generate financial gains in the system that could be used to reduce rates, increase benefits or a combination of both. The goal is not just to slow the rate of cost increases, but to actually reduce the cost structure by reducing the number of claims.

Employers and workers in Nova Scotia now must consider whether they are willing to take action to help reduce the injury frequency rate and claim durations. If no action is taken, the WCB's insurance budget is sure to continue to increase. The old adage applies – if you do what you've always done, you will continue to get the same result over and over again.

What If Cultural Change Doesn't Occur?

Without significant attitudinal, cultural or behavioural change in Nova Scotia, there are only four options for the future:

1. Increase assessment rates
2. Decrease benefits
3. Extend the period to eliminate the unfunded liability
4. Combination of above.

The WCB has prepared two financial scenarios for stakeholder consideration – our Current Projections and a Proposed Scenario. The Proposed Scenario is only one of the *numerous* scenarios that are possible. The WCB considered many possible options, including scenarios with rate decreases, before landing on the Proposed Scenario presented here. These scenarios are intended to be thought provoking and generate discussion.

Current Projections

Our current projections are based on a 5% increase in assessment rates over a two-year period. A 3% increase ($0.08) was implemented in 2005 with an additional 2% increase ($0.06) envisioned for 2006 bringing the total average rate to $2.71. This scenario will lead to full funding in approximately 2024. Our current projections do not allow for any increase in benefits paid to injured workers. This approach will result in the smallest rate increases, but adds ten years to the funding period expected in the Funding Strategy approved in June 2003.

A note of caution is warranted here. Experience shows that stakeholders tend to ascribe a greater level of precision to dates and figures in the funding plan than is actually warranted or intended. The target date in the funding strategy should be seen as the midpoint in a range of possible scenarios. The actual date will inevitably change given the many variables, such as returns on investments, that must be taken into account. We anticipate publishing actual results for 2004 shortly. These actual results will create minor changes in our current projections.

Summary of Current Projections

- Assessment Rate increase from $2.65 to $2.71 in 2006
- Assessment rate of $2.71 until 2024
- Fully funded by 2024 (19 years)
- No significant new benefit enhancements through 2024
- No rate reductions through 2024

(Based on current cost structure with slight improvement from prevention / duration initiatives)

A Potential Scenario

The WCB proposes that if employers and workers in Nova Scotia commit to making a change - preventing workplace injuries and ensuring injured workers return to work in a safe and timely manner - another scenario is possible. This scenario is based on achieving a combination of a 30-day reduction (29%) in claim durations by 2009 and in eight years' time achieving cost savings of $25.4 million annually by getting employers with the highest claims cost experience to reduce their rates to the average of their industry. The combined savings from claims duration and injury prevention equal a 24% reduction in claims costs.

The savings from these initiatives would be allocated between reducing the period to eliminate the unfunded to approximately 2017, maintaining the average assessment rate at $2.65 until full funding is achieved and increasing the indexing of workers' compensation benefits from 50% to 65% of the Consumer Price Index in 2007.

The potential scenario assumes that prevention and duration savings will be achieved over a relatively short period of time. We have attempted to include some allowance for minor variations in the timing of these savings. As a result of the approach taken, full realization of savings within the time frame suggested may result in a funding period that is slightly shorter than that indicated.

Summary of Potential Scenario

- Assessment Rate of $2.65 from 2006 to 2017
- Fully funded by 2017 (12 years)
  Increase indexing from 50% to 65% of CPI in 2007

(Based on achieving 29% reduction in claim durations and over time $25.4 million annually from prevention initiatives)

Comparison of Current Projections and Potential Scenario

	Current Projections	Proposal
Full funding	2024	2017
Average rate	$2.71	$2.65
Improved benefits	None	Indexing to 65% of CPI

As noted in the Executive Summary there could be a different experience in this province if workers and employers are prepared to embrace significant cultural, attitudinal and behavioural change relating to workers' compensation resulting in a reduction of workplace injuries and an increase in the early and safe return to work for those workers injured on the job.

Conclusion

Compared to other provinces, Nova Scotia has high rates of disability, both work-related and generally. This would appear to indicate that our success in reducing workplace injury rates and improving the rate of early, safe return-to-work requires an attitudinal change related to workplace safety and return-to-work.

The WCB can develop programs that ultimately will impact on the injury frequency rate and an injured worker's ability to promptly return to work. However, the WCB's efforts will have minimal impact without employers' and workers' willingness to do their part to ensure that fewer workers are injured on the job and to facilitate injured workers in returning to work.

We will know we have been successful when we have shifted our focus so that we, as a society, no longer concentrate on a worker's *disability* and begin to consider what work a person can do; when a worker with a low permanent medical impairment (PMI) for a back injury who is still experiencing pain goes back to work and does not draw earnings loss benefits. When all Nova Scotians – workers, employers, the medical community – agree that this is appropriate, we will have made the necessary cultural change that will lead to a reduction in the insurance budget.

When workers say their employers are taking important steps to ensure a safe work environment; when we all know and use proper lifting techniques to ensure we don't suffer a back or other soft tissue injury; and when we all understand and put into action our responsibility to work safely on the job, we will have succeeded.

It is time to face the facts. Nova Scotia's worker' compensation system is off track compared to other systems and other Canadian jurisdictions.